DA 97-1336

Before the
FEDERAL COMMUNICATIONS COMMISSION
 Washington D.C. 20554

In the Matter of	)	
	)	
800 Data Base Access Tariffs and the 800 Service Management System Tariff	)	CC Docket No. 93-129
	)	
and	)	
	)	
Provision of 800 Services	)	CC Docket No. 86-10

MEMORANDUM OPINION AND ORDER

Adopted: June 26, 1997 Released: June 26, 1997

By the Chief, Common Carrier Bureau:

I. INTRODUCTION

1. In this Order, we address refund plans submitted by incumbent local exchange carriers (LECs) as required by the Commission in the *Order on Reconsideration* in this proceeding.[1] We find that LECs may calculate refunds based on offsets for "headroom,"[2] but not based on offsets for previous sharing obligations. We additionally determine that interest on the refund amounts must be calculated from the date the LECs' 800 data base tariffs became effective, and that the Sprint Operating Telephone Companies (Sprint) are not required to make refunds. Lastly, we find that refunds must be implemented through a one-time adjustment to PCIs, to be effective July 1, 1997.

II. BACKGROUND

2. On October 28, 1996, we released a *Report and Order* in this proceeding that terminated an investigation into tariffs filed in March 1993 by incumbent local exchange carriers

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[1] *In re 800 Data Base Access Tariffs and the 800 Service Management System Tariff and Provision of 800 Services*, Order on Reconsideration (rel. April 14, 1997) (*Order on Reconsideration*).

[2] *See* n. 15 and accompanying text for explanation.

(LECs) offering 800 data base services.[3] The *Report and Order* required LECs subject to price cap regulation[4] to recalculate their price cap indices (PCIs) in accordance with our findings in the *Report and Order* that they had improperly sought exogenous cost treatment for certain costs when offering 800 data base services, and to resubmit their tariffs.[5]

3. AT&T Corp. (AT&T) and MCI Telecommunications Corporation (MCI), filed Petitions for Reconsideration (Petitions) of the *Report and Order*, seeking reconsideration to the extent that the *Report and Order* did not require the LECs to make refunds.[6] The Bell Atlantic Telephone Companies (Bell Atlantic),[7] Southwestern Bell Telephone Company (SWBT), and Pacific Bell also filed Petitions.[8] The LECs opposed refunds on a number of grounds.

4. In the *Order on Reconsideration* the Commission rejected the LECs' arguments that refunds should not be required, and ordered the LECs to file refund plans[9] describing how they intended to calculate and implement payment of their refund liability.[10] A period to comment on the refund plans was also established.[11] The *Order on Reconsideration* delegated authority to the Common Carrier Bureau to resolve issues posed by the refund plans and

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[3] *In re 800 Data Base Access Tariffs and the 800 Service Management System Tariff and Provision of 800 Services*, Report and Order, 11 FCC Rcd 15227 (1996) (*Report and Order*).

[4] *In re Provision of Access for 800 Service*, Second Report and Order, 8 FCC Rcd 907 (1993), required all LECs to provide access service to interexchange carriers. As part of the investigation, the Commission determined the reasonableness of the price caps LECs' proposed restructuring of their 800 data base service rates and the reasonableness of certain exogenous costs claimed by those LECs. *Report and Order* at ¶ 4.

[5] *Report and Order* at ¶¶ 316-317.

[6] *Order on Reconsideration* at ¶ 4. The Commission did, however, require a prospective PCI adjustment pursuant to the *Report and Order*. See *Report and Order* at ¶¶ 306-317.

[7] The Bell Atlantic Telephone Companies include Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc., Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; and Bell Atlantic-West Virginia, Inc.

[8] The Petitions filed by Bell Atlantic, Pacific Bell, and SWBT raised issues not relevant here.

[9] This included Ameritech Operating Companies, Bell Atlantic, BellSouth Telecommunications, Inc, (BellSouth), NYNEX, Pacific Bell, SWBT, U S West Communications, Inc. (U S West), GTE, Southern New England Telephone Company (SNET), and Sprint (referred to in the *Report and Order* as the United Operating Telephone Companies). *Order on Reconsideration* at ¶ 50. *See also* Appendix D of the *Report and Order*.

[10] *Order on Reconsideration* at ¶¶ 20-21.

[11] *Order on Reconsideration* at ¶ 51.

comments on those plans so that the incumbent LECs made refund payments in accordance with that Order and the prior *Report and Order*.[12]

5. The *Order on Reconsideration* noted that Sprint's data base query rates had not been suspended,[13] and that the Commission, therefore, could not order refunds with respect to those rates.[14] The *Order on Reconsideration* nonetheless required Sprint to file a refund plan, as it was unclear how or if a retroactive PCI adjustment would affect any potential refund in Sprint's traffic sensitive basket.[15]

6. On May 13, 1997, in lieu of a refund plan, Sprint filed a letter stating that it had no refund liability pursuant to the *Order on Reconsideration* and therefore would not file a refund plan. Other LECs filed refunds plans on May 14, 1997. On June 3, 1997, AT&T and MCI filed comments on the refund plans in which they objected to certain methodologies the LECs used for calculating the refunds. On June 16, 1997, the incumbent LECs filed replies to those comments.

III. HEADROOM OFFSETS

1. Refund Plans and Contentions

7. Ameritech, Bell Atlantic, BellSouth, NYNEX, SWBT, U S West, GTE, and SNET proposed refunds based on an offset for "headroom."[16] They argue that the Commission must consider that for some price cap incumbent LECs their APIs might have been below their PCIs. A reduction, therefore, in the PCIs to reflect the disallowed exogenous costs should not necessarily result in an equal reduction in the API rates for that period. They argue that if a PCI recalculated to account for the disallowances nonetheless remained higher than the API, there should be no refund liability for that period.[17] If the adjusted PCI did fall below the relevant API, the incumbent LECs argue, any refund should equal the API minus the adjusted PCI, and not the differential between the unadjusted PCI and adjusted PCI.

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12 *Order on Reconsideration* at ¶¶ 21 and 52.

13 *In re The Bell Operating Companies' Tariff for the 800 Service Management System, Tariff F.C.C. No. 1 and the 800 Data Base Access Tariffs*, Order, 8 FCC Rcd 3242, 3244 (1993)

14 *Order on Reconsideration* at ¶ 23.

15 *Order on Reconsideration* at ¶ 50.

16 They base their proposed refunds on the following calculations for each of the relevant tariff years: (1) the adjusted PCI is subtracted from the unadjusted PCI; (2) a headroom allowance is then calculated by subtracting the API from the unadjusted PCI; and (3) this headroom amount was subtracted from the net of (1) above, resulting in the proposed refund for that tariff year.

17 *See, e.g.*, Refund Plan of U S West at 5.

8. AT&T and MCI state that the refunds should not be reduced if LECs charged below-cap rates.[18] They contend that refunds should be calculated based upon the difference between the unadjusted PCI and the adjusted PCI, irrespective of where the relevant API stood in relation to those two. They note that the *Report and Order* required the incumbent LECs to adjust their PCIs based upon the disallowance of certain exogenous costs, and that no adjustments were made to rates. MCI contends that under price cap regulation, the only relevant parameters for calculating refunds are the price cap index and band limits.[19] MCI argues that the Commission found the LECs' tariffs unlawful to the extent that the PCIs included excess exogenous costs. MCI argues that refunds should therefore be based on the excess costs in the incumbent LECs' PCIs during the period the accounting order was in effect. AT&T and MCI both argue that the incumbent LECs historically have not been given credit in the PCI calculation for pricing below cap during the previous year. They cite as an example the annual price cap filings, where incumbent LECs are required to adjust their PCIs without consideration of whether they priced their services below cap. AT&T states that in those cases, the incumbent LECs are not permitted to apply a credit to their annual PCI adjustments "even if they had foregone the opportunity to earn more revenues by pricing below cap."[20]

9. AT&T and MCI further contend that, in any event, the LECs have overstated the proposed offset amounts. They argue that, in recalculating past PCIs to correct for disallowances, the LECs must first make corresponding calculations for the Subcategory Band Indices (SBIs).[21] According to AT&T, the headroom available to the incumbent LECs is the lesser of: (1) the available headroom taking into consideration the SBI upper limit; or (2) PCI minus API.[22] AT&T and MCI contend that the amount of available headroom is therefore limited by the SBIs as well as the PCI. AT&T and MCI both state that by relying solely upon PCI-API headroom, thereby overstating the headroom offset amounts, the incumbent LECs failed to take this into account.

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18 AT&T Comments at 5; MCI Comments at 2.

19 MCI Comments at 2.

20 AT&T Comments at 5.

21 During the period at issue, within certain price cap baskets, services were grouped into service categories and subcategories and rate changes within the categories and subcategories were limited by upper and lower pricing bands. The pricing band limits for most of the service categories and subcategories were set at 5 percent above and below a subindex of the prices for each category or SBI, as adjusted by the change in the PCI for the basket. *See In re Price Cap Performance Review for Local Exchange Carriers*, 10 FCC Rcd 8961, (1995).

22 AT&T Comments at 4, n. 12. AT&T did not state whether the PCI amount in its calculation was the adjusted or unadjusted PCI, although for purposes of this Order we will consider the formula to be based upon the unadjusted PCI.

10. MCI further argues that Bell Atlantic, NYNEX, and SWBT improperly based their proposed headroom allowance on a weighted average.[23] MCI states that the *1993-96 Access Tariff Order* requires incumbent LECs to compute overcharges by comparing the rates in effect to the corrected caps on January 1 and July 1 of each year.[24] If the API exceeds the adjusted PCI, or the SBI exceeds the applicable upper limit, then the LEC has overcharged its customers, argues MCI.[25] While MCI concedes that several incumbent LECs did calculate their refunds on that basis, it contends that rather than comparing rates at a set point in time, such as at each tariff filing, Bell Atlantic, NYNEX, and SWBT computed their headroom offset by calculating the headroom available after each tariff filing, then pro-rating this amount by the number of days the tariff was in effect, and then calculating the total.[26] MCI contends that the latter LECs' methodology yields refunds only if the total annual headroom amount is less than the amount of the disallowance.[27] MCI urges the rejection of an annual headroom offset, because it would permit the incumbent LECs, effectively, to offset pricing above the adjusted PCI in one part of the tariff year with headroom from other parts of the tariff year.

2. Discussion

11. The amount of headroom in a price cap basket represents charges that could have been, but were not, collected from customers. There is no basis for "refunding" such amounts because they were never paid. Further, under price cap rules, exogenous cost changes affect PCIs, not APIs. Therefore, the LECs are correct in reducing their PCIs to reflect the Commission's disallowance of certain claimed 800 data base exogenous costs. The extent to which the adjusted PCI falls below an API will determine the amount of any refund. Therefore, we agree with the incumbent LECs that refunds should be based on the extent, if any, to which the API exceeded the PCI, as adjusted, as required by the Commission in this proceeding. The

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23 An annual headroom offset under weighted averaging is computed by calculating the headroom available after each tariff filing, pro-rated for the number of days the tariff was in effect, and then calculating the total. MCI Comments at 8.

24 *In re 1993 Annual Access Tariff Filings; GSF Order Compliance Filings; 1994 Annual Access Tariff Filings; 1995 Annual Access Tariff Filings; 1996 Annual Access Tariff Filings*, Memorandum Opinion and Order, CC Docket No. 93-129, Phase I, Part 2 and CC Docket No. 94-65, (rel. April 17, 1997) (*1993-96 Access Tariff Order*).

25 MCI Comments at 7.

26 MCI Comments at 8.

27 MCI cites NYNEX as an example of how the two methodologies would yield different results. Under NYNEX's total headroom methodology, for 1995 there would be no refund because the total headroom ($6,124,553) exceeds the total disallowance ($1,597,885) ordered by the Commission. MCI's methodology, however, would yield a refund because NYNEX was pricing at the PCI cap for 153 days in 1995, and therefore during that time frame was pricing above the PCI after it was subsequently adjusted for the disallowances of exogenous costs.

incumbent LECs may offset refunds by the amount of headroom as calculated in their refund plans.

12. We reject AT&T's and MCI's argument that headroom offsets should be calculated based upon the lesser of unadjusted PCI minus API or the available headroom taking into consideration the SBI upper limit. Under the price cap rules, for the SBI to become a factor in any headroom calculation, the difference between the PCI and the SBI must be greater than 5 percent.[28] Bell Atlantic, GTE, NYNEX, and SWBT state that calculating headroom based upon SBI would be unnecessary and would not alter the available headroom already contained in their respective refund plans.[29] We find no reason to question these statements. Accordingly, carriers may implement refunds without calculating offsets based on the lesser of PCI minus API or the SBI minus the SBI upper limit.

13. Regarding MCI's argument that Bell Atlantic, NYNEX, and SWBT should calculate their headroom amounts by not averaging the offset for the entire tariff year, but rather by comparing rates to caps at distinct points in time, we agree that such weighted averaging should not be allowed because it distorts the headroom calculation for those LECs. The other LECs calculated refunds by comparing rates in effect during the refund periods in question to corrected indices as of July 1 and January 1 of each tariff year, or by comparing rates in effect during the refund periods in question to the applicable corrected index associated with each tariff filing.[30] We find that both of these methods are acceptable, as determined by the Bureau recently concerning the *1993-96 Access Tariff Order*.[31] We therefore direct these three LECs to calculate their headroom offsets by either of the two options set forth in this paragraph.

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[28] 47 C.F.R. § 61.47(e).

[29] Bell Atlantic, NYNEX, and SWBT contend that this is the case because for the PCIs the relevant SBIs exceeded them by no more than 5 percent. Bell Atlantic Reply at 4; NYNEX Reply at 3; and SWBT Reply at 4-5. GTE is not specific as to why, but contends that a calculation, taking into consideration SBI, would result in the same headroom as under a PCI minus API calculation. GTE Reply at 4.

[30] *See, e.g.*, Ameritech Refund Plan; SNET Refund Plan.

[31] *See In re 1993 Annual Access Tariff Filings; GSF Order Compliance Filings; 1994 Annual Access Tariff Filings; 1995 Annual Access Tariff Filings; 1996 Annual Access Tariff Filings*, Memorandum Opinion and Order, CC Docket No. 93-129, Phase I, Part 2 and CC Docket No. 94-65, (rel. June 25, 1997) at ¶ 20.

IV. SHARING OFFSETS

1. Refund Plans and Contentions

14. Bell Atlantic, NYNEX, Pacific Bell, SWBT, and U S West contend that their refund calculation should incorporate previous sharing obligations.[32] They argue that had their rates in effect during the refund periods in question reflected the disallowance ordered by the Commission in this proceeding, their rates would have been lower, reducing both their earnings and their sharing obligation. Because the amount they paid pursuant to the sharing obligation was based upon higher earnings, these carriers argue that they should be credited those excess amounts that were shared should become an offset against any refund obligation. Otherwise, the LECs argue, they would be paying twice -- first through the sharing mechanism, and second through the PCI reduction that implements the refund.[33]

15. AT&T and MCI object to a sharing offset. AT&T and MCI contend that the one-time PCI adjustment required by the *Order on Reconsideration* is unrelated to the LECs' sharing obligations because the sharing obligation is measured by total interstate earnings, whereas the 800 data base services account for only a portion of the total interstate earnings. AT&T also argues that the LECs have not demonstrated that any sharing obligation resulted from their 800 data base rates, and without such a showing sharing offsets are inappropriate.[34]

2. Discussion

16. As set forth in the *Order on Reconsideration*, ordering refunds in a section 204 investigation generally lies within the Commission's discretion.[35] In enunciating the standards for ordering refunds, the Commission has stated that:

> [R]efunds are largely a matter of equity, and in arriving at a decision as to whether or not refunds should be awarded, we must balance the interests of both the carrier and the customer in determining the public interest. In addition, each case must be examined in light of its own particular circumstances.[36]

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[32] Under our price cap rules, the LECs that elected a sharing option were required to share 50 percent of their 1993-1996 earnings in excess of the rate of return ceiling prescribed by the Commission. *In re Policy and Rules Concerning Rates for Dominant Carriers*, Second Report and Order, 5 FCC Rcd 6786, 6788 (1990).

[33] *See, e.g.*, Bell Atlantic Reply at 5.

[34] AT&T Comments at 7.

[35] Section 204(a) of the Telecommunications Act of 1934, as amended. *See also Nader v. FCC*, 520 F.2d 182, 206 (D.C. Cir. 1975); *AT&T v. FCC*, 487 F.2d 864, 880 (2nd Cir. 1973).

[36] *In re American Television Relay, Inc.*, 67 FCC.2d 703, 708-709 (1978).

In the *Order on Reconsideration*, the Commission addressed LEC claims that they should not be required to make refunds, or, at a minimum, should be entitled to offsetting rate increases because, if they had set rates correctly initially, they would have been able to raise other rates to make up for the corrected charges. The Commission found that the LECs could not offset amounts they could have raised in the other price cap baskets (up to the maximum PCI) against refunds owed because of the unlawfully high rates in the traffic sensitive basket.[37] The Commission relied on *FPC v. Tennessee Gas Co.*, 371 U.S. 145 (1962), in which the Supreme Court held that the common carrier that set certain rates too low could not offset these undercharges against refunds due to excessive and unlawful overcharges.[38]

17. Here, the LECs overearned because of unlawful exogenous cost adjustments that were subsequently disallowed.[39] This overearning, resulting from overcharges to customers, led to an increased sharing liability on the part of these incumbent LECs that was implemented, for each year in question, through one-time reductions to rates that otherwise would have been in effect. LECs seek a credit for lower charges attributable to sharing because of unlawful exogenous cost adjustments. We believe that such a result is contrary to the principles underlying *FPC v. Tennessee Gas Co.*, where the party filing the rate "shoulder[ed] the hazards incident to its actions."[40] Further, a balancing of LECs' and customers' interests does not persuade us that we should not apply the policy of *FPC v. Tennessee Gas Co.*, as the LECs have not shown that there are significant factors that would weigh against full refunds attributable to unlawful overcharges. We therefore find that the policy of *FPC v. Tennessee Gas Co.* is applicable here and that the LECs should not be entitled to an offset due to tariff provisions that were found by

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[37] *Order on Reconsideration* at ¶ 17.

[38] Specifically, the Supreme Court held that:

> [A] rate for one class or zone of customers may be found by the Commission to be too low, but the company cannot recoup its losses by making retroactive the higher rate subsequently allowed; on the other hand, when another class or zone of customers is found to be subjected to excessive rates, and a lower rate is ordered, the company must make refunds to them. The company's losses in the first instance do not justify its illegal gain in the latter. Such situations are entirely consistent with the policy of the Act and, we are told, occur with frequency. The company having initially filed the rates and either collected an illegal return or failed to collect a sufficient one must, under the theory of the Act, shoulder the hazards incident to its action including not only the refund of any illegal gain but also its losses where its filed rate is found to be inadequate

FPC v. Tennessee Gas Co., 371 U.S. 145, 152-53.

[39] *Report and Order* at ¶¶ 306-317.

[40] *FPC v. Tennessee Gas Co.*, 371 U.S. 145, 153.

the Commission to be unlawful. Accordingly, we find that the LECs are not entitled to an offset for previous sharing obligations.

V. INTEREST CALCULATION

1. Refund Plans and Contentions

18. AT&T contends by basing those calculations on a start date of January 1, 1994, rather than the date their tariffs became effective that Bell Atlantic and Pacific Bell omitted six months of interest from their refund calculations. Further, AT&T argues that the incumbent LECs should calculate interest on the refunds until the date the refund is paid, not just until the date the incumbent LEC filed its PCI adjustment.

19. Bell Atlantic and Pacific Bell contend that their interest methodology -- to accrue interest starting January first in the calendar year immediately following the tariff filing in question --[41] is consistent with the Commission's rules and precedent. Under this methodology they would not be liable for interest for the first six months that their 800 data base tariffs were in effect. The LECs' have either chosen June 30, 1997, or July 1, 1997, for the end date for determining interest calculations, or state that they will pay interest through whatever date the Bureau directs.

2. Discussion

20. Bell Atlantic and Pacific Bell have not demonstrated any compelling reason why interest should not be calculated for the last six months of 1993. We note, however, that in a previous unrelated order[42] cited by the LECs, the Commission directed without explanation, that interest be calculated from January 1 of the year in question. Upon review of that Order, however, the issue in question was whether to calculate interest based upon a simple or a daily compounded basis.[43] The issue of when interest was to accrue was not addressed within the body of order.[44] Further, we find that in the present case interest from the date the tariffs in question became effective will best tailor interest to the period customers were unlawfully charged for 800 data base services. We therefore require Bell Atlantic and Pacific Bell to include in their refund amounts interest calculated from the day their respective 1993 800 data base tariffs became effective. Further, interest should be calculated through June 30, 1997, the day before the one-time PCI adjustment to implement refunds will become effective.

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41 *See In re Section 208 Complaints Alleging Violations of the Commission's Rate of Return Prescription for the 1987-1988 Monitoring Period*, 8 FCC Rcd 5485 (1993) (*Section 208 Order*).

42 *See Section 208 Order*.

43 *Section 208 Order* at 5495.

44 The date selected for accruing interest in the *Section 208 Order*, January 1, only appears in the Ordering Clauses of that decision, with no explanation given for selecting that date.

VI. SPRINT

1. Pleadings

21. AT&T contends that Sprint should have filed a refund plan. AT&T acknowledges that the Commission found that Sprint was not liable for refunds for its data base query rates, but contends that Sprint must file a refund plan to account for its other disallowed 800 data base exogenous costs, and must make a PCI adjustment to reflect the disallowance of $3.577 million of data base exogenous costs not related to Sprint's data base query rates.[45]

22. Sprint contends that it has taken all the actions required by the *Report and Order* and *Order on Reconsideration*.[46] Sprint argues that, because its data base query rate never exceeded $.0067 (and therefore was never suspended),[47] Sprint has no refund liability and need not file a refund plan.[48]

2. Discussion

23. As stated in the *Order on Reconsideration*, a prerequisite to ordering refunds under section 204 of the Communications Act of 1934, as amended, is the suspension of the rate or rates in question.[49] The Bureau did not suspend Sprint's 800 data base query rates. Because Sprint did not have a rate under suspension, it is not subject to section 204(a) of the Act, and therefore no purpose is served by having it file a refund plan. The Bureau has re-examined the record in this proceeding concerning Sprint, and has determined that there is no other basis in this proceeding for imposing any refund liability on Sprint. Accordingly, we reject AT&T's arguments on this issue.

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[45] AT&T Comments at 8-9.

[46] Sprint states that it has already adjusted its PCI to reflect the disallowance of $3.577 million of exogenous costs by filing, on December 10, 1996, Transmittal No. 22.

[47] *Order on Reconsideration* at ¶ 23.

[48] Sprint Reply at 2.

[49] *See Illinois Bell Tel. Co. v. FCC*, 966 F.2d 1478 (D.C. Cir. 1992).

VII. REFUND IMPLEMENTATION

1. Pleadings

24. AT&T and MCI contend that a one-time PCI exogenous cost reduction equal to each LEC's total refund liability is the correct way to return overcharges to 800 data base customers.[50]

25. Ameritech does not object to a one-time PCI reduction, but contends that this method should be considered only one of at least two ways that the incumbent LECs may meet their refund obligations.[51] SWBT contends that a billing credit is preferable to a one-time adjustment, because it provides refunds in direct proportion to the 800 service purchased by customers of record, and does not require any payment delays or subsequent year PCI reversal adjustments.[52] Pacific Bell and U S West object to effectuating refunds through a one-time PCI reduction. Pacific Bell states that a one-time PCI decrease is contrary to the *Order on Reconsideration's* mandate that "the necessary refunds [be] paid to the proper parties."[53] Additionally Pacific Bell contends that such an adjustment would likely require additional review by the Commission, and a further comment cycle because any order reducing the PCIs would require tariff changes along with cost support data. U S West adds that a one-time PCI reduction should be rejected because given the historic revenue increase in volumes from year to year, a PCI change "will almost certainly result in the LECs paying more than the amounts properly refundable."[54]

2. Discussion

26. A majority of the LECs do not object to a one-time adjustment. Moreover, a single option can ensure consistency and accuracy. Otherwise, the LECs' customers could receive refunds through a variety of methods, an outcome that would complicate our ability to oversee, if necessary, the refund process. While direct payments or billing credits might also be possible ways to achieve the mandated refunds, commentators have failed to show that either presents benefits significantly greater than those presented by a one-time PCI adjustment. Accordingly, carriers are directed to implement refunds by a one-time exogenous adjustment. We direct carriers to file revised tariffs to be effective July 1, 1997, to implement this adjustment.

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50 AT&T Reply at 3; MCI Reply at 2.

51 The other possibility Ameritech cites is a refund check to customers.

52 SWBT Reply at 2.

53 Pacific Bell Reply at 3, citing *Order on Reconsideration* at ¶ 21.

54 U S West Reply at 7.

VIII. ORDERING CLAUSE

27. Accordingly, IT IS ORDERED that, pursuant to section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, that Ameritech Operating Companies, Bell Atlantic Telephone Company, BellSouth Telecommunications, Inc, New York and New England Telephone Company, Pacific Bell Telephone Company, Southwestern Bell Telephone Company, U S West Communications, Inc, GTE Service Corporation, and Southern New England Telephone Company, SHALL FILE REVISED TARIFFS to be effective on July 1, 1997, to implement refunds as described in this Memorandum Opinion and Order.

FEDERAL COMMUNICATIONS COMMISSION

Regina M. Keeney
Chief, Common Carrier Bureau